

Green Entrepreneu rship

MAGALI DELMAS

UCLA

BUSINESS & THE ENVIRONMENT

COP26, Climate Regulation and Beyond: How Business Leaders can Become Effective Climate Leaders

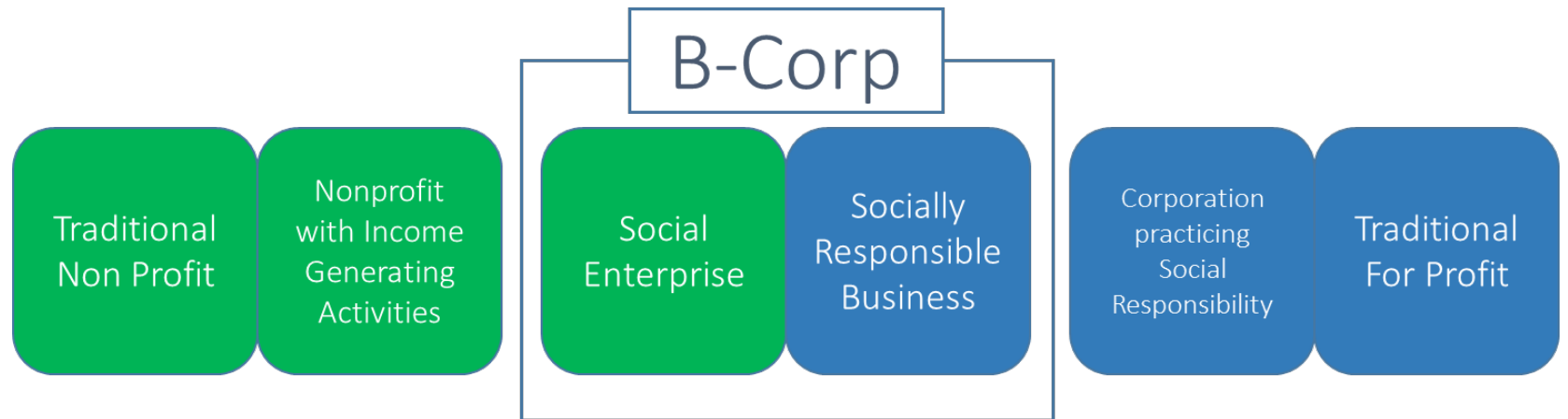


Register HERE : <https://t.e2ma.net/click/yjli7e/a5lq65v/us9fju>

I'M AFRAID OUR 'SOCIAL ENTREPRENEUR' COURSE
DOESN'T COVER ROBBING THE RICH TO FEED THE POOR.



Green/Social Enterprise



Social Entrepreneurship

The attempt to draw upon business techniques to find solutions to social problems.

“We don’t hire people to bake brownies;
we bake brownies to hire people.”
Green Bakery’s 2013 Impact
Report



Creating Social Value

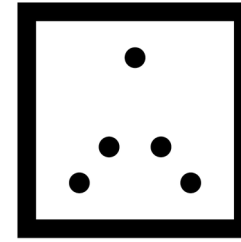
Value most often measured in terms of profit

Social Value measures impact- ability to generate positive externalities

Examples: Enhancing human capabilities, increasing freedom, build levels of trust

KEY: Be able to measure it in quantifiable terms

Awair



AWAIR

“Know what’s in the air you breathe”

5 sensors tracking temperature, humidity, CO₂, VOCs, dust

Smartphone app then provides recommendations

Can connect to Amazon’s Echo and to Nest thermostat

In 2016, reported \$4.5 million Series A funding

Awair has raised a total of \$21.1M in funding over 7 rounds.



Chai Energy



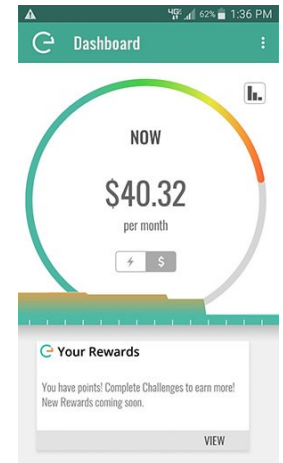
Free mobile app

identifies energy-saving opportunities based on your home's actual energy consumption

Also recommends rebates, incentives and programs for more savings

LA based startup

Backed in part by Microsoft Ventures



ChargePoint



Network of charging stations and mobile app see [About](#)

More than 34,700 total charging spots

Drivers plug into a ChargePoint station approximately every 3.1 seconds

Launched in 2007

As of May, 2016 had raised \$164 million in funding

As of [2020](#):

- More than 82,045,906 charges delivered
- Drivers plug into a ChargePoint® network approximately every 2.0 seconds
- Drivers have avoided more than 98,330,962 gallons of gas
- More than 2,350,110,000 electric miles have been driven on the ChargePoint Network
- ChargePoint stations have dispensed more than 783,370,000 Megawatt hours (MWh) of electric fuel



IMPOSSIBLE™

Impossible Foods

Trying to be “Tesla” of food, outperform beef with plants

Compared to cows, the Impossible Burger uses 95% less land, 74% less water, and creates 87% less greenhouse gas emissions

Smells, sizzles, and bleeds like a beef burger

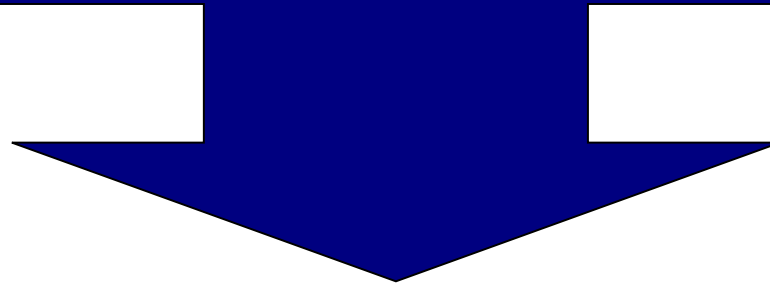


Starting A New Venture

Selecting a Business Idea

- *Find something you love to do and are good at doing*
- *Can your idea satisfy a need in the marketplace?*

Entrepreneurs must be sure that the idea they choose has interest in the marketplace



Business Plan

Creating a Business Plan

- 58% of the most recent *Inc.* CEOs did not create a formal written plan.
- But business plans do help entrepreneurs prepare enough resources and stay focused on key objectives.

Table 6.1

Online Resources for Preparing a Business Plan

AllBusiness.com
<http://www.allbusiness.com>

The "Business Advice" page provides links to examples, templates, and tips for writing a plan.

Inc.
<http://www.inc.com>

Under "Departments," click "How-To-Guides" and then "Writing a Business Plan," which links to 150+ articles about how to write a business plan.

Kauffman eVenturing
<http://www.kauffman.org/eventuring>

The "Explore Topics" section has links to information and resources for researching and writing a plan, as well as presenting it to lenders or investors.

MoreBusiness.com
<http://www.morebusiness.com>

To see a sample plan, select "Business & Marketing Plans" from the list of templates.

Resources an entrepreneur needs to start a business

1. Capital

2. Management expertise

3. Legal and financial advice

4. A facility

5. Equipment

6. Customers

Finding Financing

Debt Financing

- Credit Cards
- Family and Friends
- Bank Loans (SBA backed)

Equity Financing

- Venture Capitalists
- Angel Investors

B Corps

Donates
1% of
revenues
towards
environm
ental
NGOS.



Partnered with
VisionSpring to
donate one pair of
glasses for each
pair sold.



WARBY PARKER
eyewear

Recycles,
reuses, or
composts
99.9% of solid
waste from
manufacturing
process.



Offers
workers
paid time
off for
communit
y service.

KICKSTARTER

Offsets carbon
emission with
agroforestry
initiatives

B (Benefit) Corporation

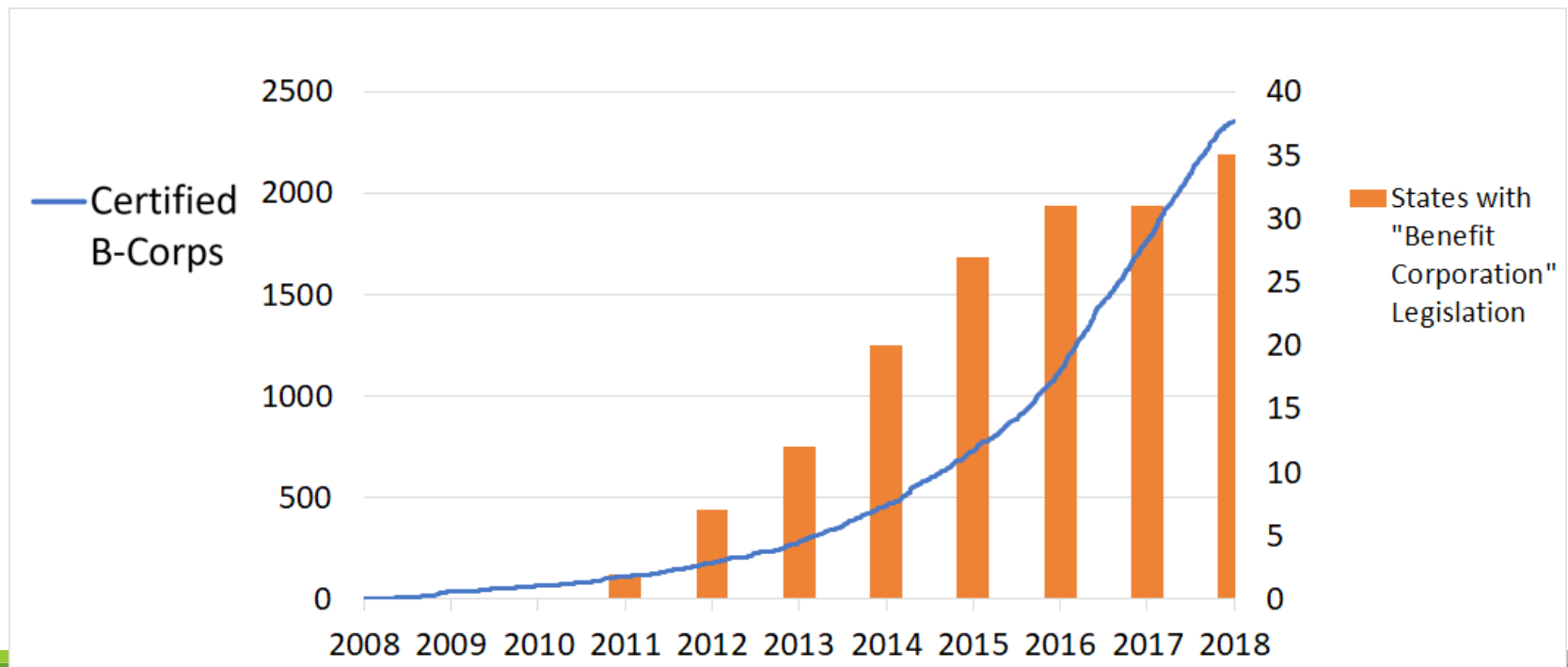
A new kind of company which uses the power of business to solve social and environmental problems

- Meets higher standards* of social and environmental performance, accountability, and transparency
- Amplifies voice for a diverse marketplace through the power of the unifying B Corporation brand

<http://www.bcorporation.net/what-are-b-corps>

Hybrids in practices

Benefit corporations are the most common legal entity for social enterprise in the U.S., and growing significantly (Cooney et al., 2014).



What is a B Corporation?

- For-profit company certified by the nonprofit B Lab
- Meets standards of social and environmental performance, accountability, and transparency
- Eco-label for company instead of product



Benefits for a CEO

- Distinguish from traditional firms as one that is committed to broader set of stakeholder values
- Attract great employees
- Alleviate consumer skepticism
- Affordable way to review environmental impact
- Strengthen brand reputation
- Attract capital

Maximizing Impact: Scaling with integrity

“When you get to the point where you are ready to sell a company, legally the only thing you can consider is maximum shareholder value. This is not a lament. We were paid full value. But it felt like I lost a limb to watch all of our commitments to employees, to the environment and to the community be stripped from the company within six weeks of the sale.”

—Bart Houlahan, CEO
of AND1



How does a company become certified?

Step 1: Meet Performance Requirement

Complete the B Impact Assessment and earn a reviewed minimum score of 80 out of 200 points

Step 2: Meet Legal Requirement

Determine the path for your corporate structure and state of incorporation

Step 3: Make it Official

Sign the Declaration of Interdependence



DECLARATION OF INTERDEPENDENCE

We envision a global economy that uses business as a force for good.

This economy is comprised of a new type of corporation – the B Corporation – Which is purpose-driven and creates benefit for all stakeholders, not just shareholders.

As B Corporations and leaders of this emerging economy, we believe:

That we must be the change we seek in the world.

That all business ought to be conducted as if people and place mattered.

That, through their products, practices, and profits, businesses should aspire to do no harm and benefit all.

To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.

Step 1: Meet Performance Requirement

Complete the B Impact Assessment and earn a reviewed minimum score of 80 out of 200 points

Questions

Include:

What was the **total energy used** (Gigajoules) during the last 12 months?

What percentage of full-time workers are enrolled in a **health care plan** offered by your company?

Is there a formal written Supplier Code of Conduct policy that specifically holds the company's **suppliers accountable** for social and environmental performance?

What makes us a better company?

B Impact Report

Certified since: December 2011

Summary:	Company Score	Median Score*
Environment	45	7
Workers	25	18
Customers	6	N/A
Community	59	17
Governance	17	6
Overall B Score	152	55

80 out of 200 is eligible for certification

*Of all businesses that have completed the B Impact Assessment

*Median scores will not add up to overall

E

Ben and Jerry's



Ice Cream

Burlington, Vermont
United States
www.benjerry.com

About Ben & Jerry's

Ben & Jerry's produces a wide variety of super-premium ice cream and ice cream novelties, using high-quality ingredients including milk and cream from family farmers who do not treat their cows with the synthetic hormone rBGH. Ben and Jerry's products are distributed nationwide and in selected foreign countries in supermarkets, grocery stores, convenience stores, franchise Ben & Jerry's Scoop Shops, restaurants and other venues.

What makes us a better company?

B Impact Report

Certified since: September 2012

Summary:	Company Score	Median Score*
Environment	25	9
Workers	26	22
Customers	0	N/A
Community	34	32
Governance	16	10
Overall B Score	101	80

80 out of 200 is eligible for certification

*Of all businesses that have completed the B Impact Assessment

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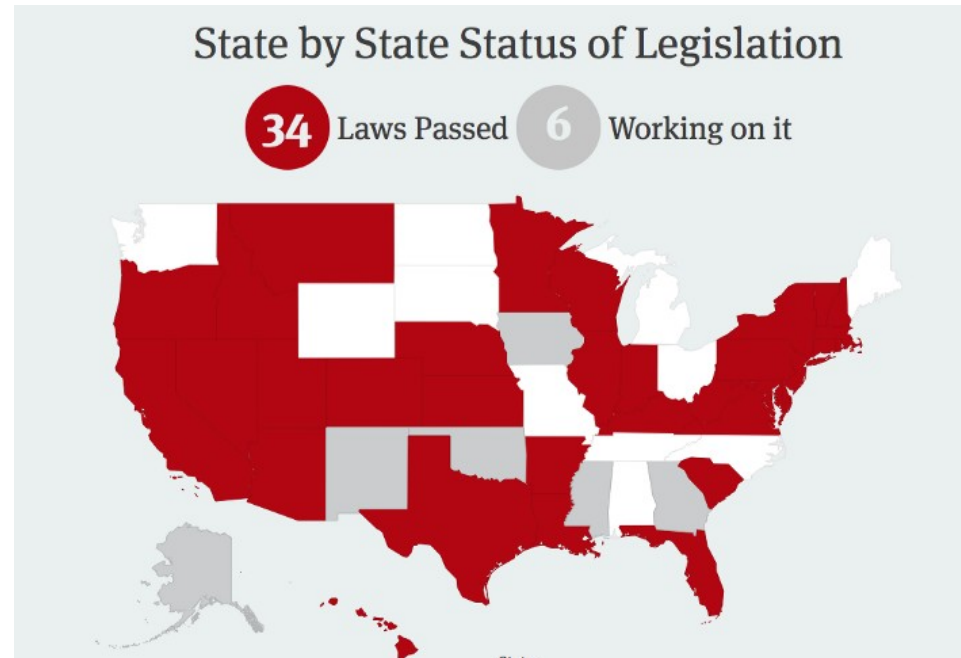
- Subsidiary of Unilever

Step 2: Meet Legal Requirement

In order to meet the legal requirement you must incorporate the stakeholder focus into the legal foundation of your company.

If you are in one of the 33 states that have a “**benefit corporation**” legal entity, you must incorporate under that.

Otherwise, you must do your best to incorporate “**constituency statute**” language into your articles of incorporation



[Source](#)

Step 2: Meet Legal Requirement

In a benefit corporation...

“In discharging their respective duties, and in considering the best interests of the benefit corporation, **the board of directors**, committees of the board, and individual directors of a benefit corporation **shall consider the impacts of any action or proposed action upon all of the following**:

- (1) The **shareholders** of the benefit corporation
- (2) The **employees and workforce** of the benefit corporation and its subsidiaries and suppliers.
- (3) The interests of **customers** of the benefit corporation as beneficiaries of the general or specific public benefit purposes of the benefit corporation
- (4) **Community and societal considerations**, including those of any **community** in which offices or facilities of the benefit corporation or its subsidiaries or suppliers are located
- (5) The **local and global environment**.
- (6) The short term and long-term interests of the benefit corporation [...]
- (7) **The ability of the benefit corporation to accomplish its general, and any specific, public**

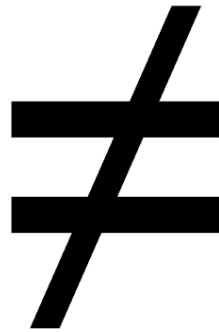
—California AB361

Chapter 3

Quick note:

B-Corp

A third party
certification



Benefit
Corporation

A type of corporate legal
entity

Benefit Corporations

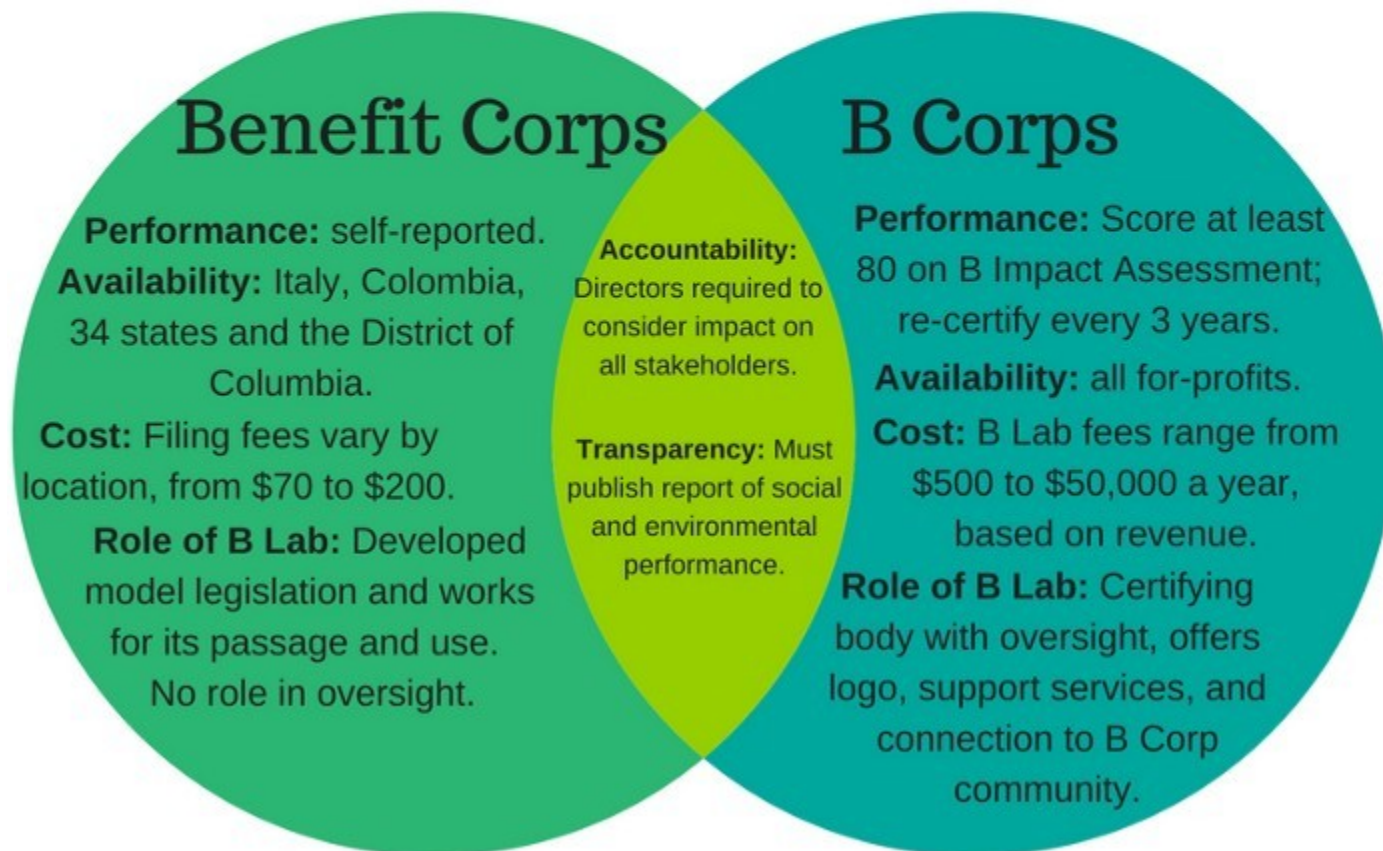
- Similar purpose as B Corp certification
- Type of corporation, no certification necessary
- Provides greater legal protection for corporations
- In addition to creating value for shareholders it has three additional legal attributes: 1) accountability, 2) transparency, and 3) purpose
- Not required to use B Impact Assessment
- Many companies are both B Corp certified and Benefit Corporations

What's the Difference?

Issue	Certified B Corporations	Benefit Corporations
Accountability	Directors required to consider impact on all stakeholders	Same
Transparency	Must publish public report of overall social and environmental performance assessed against a third party standard	Same*
Performance	Must achieve minimum verified score on B Impact Assessment Recertification required every two years against evolving standard	Self-reported
Availability	Available to every business regardless of corporate structure, state, or country of incorporation	Available for corporations only in 30 U.S. states and D.C.**
Cost	B Lab certification fees from \$500 to \$50,000/year, based on revenues	State filing fees from \$70-\$200
Role of B Lab	Certifying body and supporting 501c3, offering access to Certified B Corporation logo, portfolio of services, and vibrant community of practice among B Corps.	Developed Model Legislation, works for its passage and use, offers free reporting tool to meet transparency requirements; No role in oversight
* Delaware benefit corps are not required to report publicly or against a third party standard		
** Oregon and Maryland offer benefit LLC options		

B Corp vs. Benefit Corp

Companies can be both incorporated as benefit corps and certified as B Corps, or just one or the other. B Corps must achieve benefit corp or equivalent status to maintain certification. Here's a quick look at the differences:



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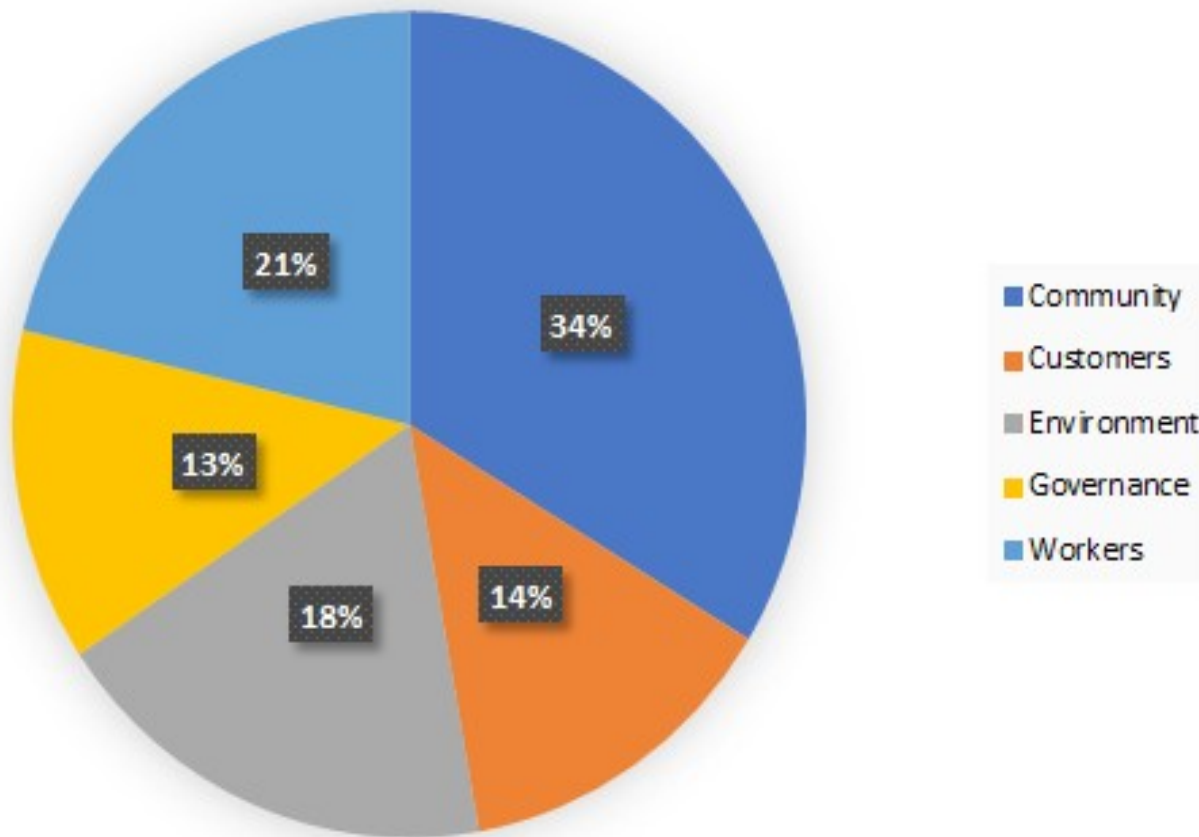
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To do so requires that we act with the understanding that we are each dependent upon another and thus responsible for each other and future generations.

Average score by category



Measuring Impact for Start-Ups

THE EXAMPLE OF LACI





The Impact Framework aligns how our startups are measured with how LACI is measured

How LACI is



Environmental

- SB 100 and similar policy measures will require large incumbents (e.g., utilities, OEMs, built environment) to look to startup breakthroughs to reach our policy goals



Social

- Diverse teams generate demonstrably superior results
- Cleantech often reaches disadvantaged communities last, despite these communities bearing a disproportionate burden of climate impacts



Economic

- LACI's incubation services are heavily funded by Community Development Block Grants which target 1 job created per every \$35k invested

Source: [Kauffman](#)

Fellows: [HUD](#)

Building an inclusive green economy | [Learn more at laci.org](#)

Solar as an



Example

pickmysolar

Portfolio Company
Example: *Pick My Solar*

PICK MY SOLAR



PORTFOLIO COMPANY SINCE: 2013

SECTOR: **ENERGY & ENERGY CONSERVATION**



Pick My Solar is a simple, trusted way to go solar, with homeowners receiving below market bids and in depth analysis provided at no-charge.



"Renewable energy is vital for our future. We make it easy for people to understand and go solar affordably, comfortably, and with confidence. Our goal is to democratize renewable energy and give power back to the people."
— Co Founders Max Aram, CEO and Christopher Blevins, COO

Key Impact Metric: Job Creation



FULL-TIME EQUIVALENT
JOBS CREATED

35 jobs
(as of 2020)

Reduction in GHG emissions over the lifetime of product:

2015: 46,656,000

2019: 209,952,000

Amount of potential energy KWH Generation over the lifetime of the product:

2015: 28,243,300

2019: 127,094,850

The LACI Equity Earnback



Program

Impact



Environmental



Social



Economic

Program

LACI issues warrant ask for sweat equity in exchange for program services

1 year mark

Self assessment with verification provides basis for founder reflection and action plan, as well as foundation for discussion with impact investors

2 year mark (program

Audited assessment provides basis for an earn back of up to 50% of the warrant based on impact, aligning founder interests with those of LACI



Our Impact Lens

Unpacking LACI's Impact Framework



Environmental

GHG reduction, Renewable energy generation, Water savings and Waste diverted



Social

Diversity across team, senior management and board; ethical supply chain; involvement in community and continued give-back



Economic

Engagement with disadvantaged communities, jobs created, hiring from workforce development programs

Our Impact Scorecard is underpinned by several beliefs



LACI Impact Scorecard (2.0)



Environmental



Social



Economic

Philosophical Underpinnings

- Give enough clarity into the calculation so that startups can calculate their results at any time they like
- Improvement in scorecard performance over time matters more than absolute numbers. In fact, a perfect score may not be a target for any company
- Where possible, recognize incremental rather than binary outcomes to reward small changes that can compound over time
- Efforts that yield higher impact yield more points
- Measure progress both towards internal achievements (e.g., board diversity) and also for their progress towards external benchmarks (e.g., job creation and environmental impact)
- It is theoretically possible to exceed the external benchmarks; we will celebrate the first startup to do so

The Impact Scorecard quantifies progress in 3 categories



LACI Impact
Scorecard
(2.0)



**Environm
ental**

*Max Score Points: 350
points*



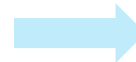
**Soci
al**

*Max Score Points: 515
points*



**Econo
mic**

*Max Score Points: 535
points*



**Score:
0-1400 Point
Scale
Metrics
: 22+
Total**

Impact Scorecard (2.0) - Economic



Metrics

ECONOMIC IMPACT

**Disadvantaged
Community
(DAC)
Engagement**

Hiring

Metric	Calculation	Max Points
% Jobs in DACs	0-100%	10 0
% units/services deployed in DACs	0-100%	10 0
LACI pilot involvement in a DAC	Y = 25 points	2 5
Documented commitment to diverse/chronic barrier hiring policies	Y = 15 points	1 5
Hiring from a program like LACI's APC Fellowship, etc	Up to 45 points	4 5
# jobs in Southern California	Vis-à-vis benchmark	25 0
		53 5

LACI Impact Scorecard



(2.0) - Social Metrics

SOCIAL IMPACT

**Diversity, Equity
and
Inclusion**

Supply

**Governan
ce**

**Communit
y**

Metric	Calculation	Max Points
Founder diversity*	0-100%	10
Senior management diversity	0-100%	10
Board/advisor diversity	0-100%	10
Employee engagement annual survey	>70% Culture Amp	2
Supplier code of conduct in place	Y = 25	2
Documented impact commitment	Y = 15	1
B-Corp or similar	Y = 100	10
Civic engagement opportunities	Y = 25	2
Giving in the community	Y = 25	2
		51
		5

* Diversity defined as woman, underrepresented person of color, LGBT, veteran

or disability

Environmental Scorecard (2.0) - Environmental



Metrics

ENVIRONMENTAL IMPACT

**Environmental
Outcomes**

Environmental

Metric	Calculation	Max Points
GHG Avoided kWh generated (renewable)	Vis-à-vis benchmark	25 0
Waste diverted		
Gallons of water saved		
% of procurement with suppliers with 3 rd party social or environmental certification	0- 100%	10 0
		35 0



Significant points are awarded for external economic benchmarks

ECONOMIC IMPACT

Metric

jobs in Southern California

**Bas
is**

LACI
Green
Jobs
Study

**Benchmar
k**

Achieve 0.1%
of
LA's 2025
green jobs
target
**100
jobs**

**Methodolo
gy**

(Startup full time
jobs/ 100 jobs)
* 250

**Up to 250
points**



Significant points are awarded for external environmental benchmarks

ENVIRONMENTAL IMPACT

Metric

GHG
Avoided
kWh generated
(renewable)
Waste
diverted
Gallons of water
saved

Baseline



Achieve
1% of
LA's
2025
target

Benchmark

263 k mt CO₂
avoided
30 MW
generated
59 million
pounds/year
1.1 billion
gallons/year

Methodology

(Startup
results/
benchmark) *
**Up to 250
points**

Note: Startup global results are considered, not just those in Southern California

improving their



scores

- **DEI as a Service** through national consulting services
- **Pilot engagement in DAC** available for all portfolio companies
- **Workforce Development Programs** that offer access to a talent pipeline
- **Employee Engagement Services** for startups working on hiring and retention



Building an inclusive green economy
● **Hands on curriculum during the first 6-months** with LACI